

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
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Legislation Title:

AN ORDINANCE relating to the City Light Department; authorizing the General Manager and Chief Executive Officer to execute an amendment to an agreement with the Sacramento Municipal Utility District.

Summary of the Legislation:

This legislation approves an amendment to the 10-year services and power purchase agreement with the Sacramento Municipal Utility District (SMUD) for renewable energy and environmental attributes approved under Ordinance 122672 in April 2008.

Background:

Under the original agreement (Ordinance 122672), SMUD provides winter energy to compensate City Light for the energy delivery services City Light supplies to SMUD. The proposed amendment would change the winter energy compensation by SMUD to a cash payment for energy delivery services.

Market and operational conditions have changed substantially since 2007 when the original agreement was negotiated. It is no longer necessary or desirable to convert the compensation payment into energy because the energy is not needed to serve load. Receiving a cash payment will reduce City Light's losses that are typically incurred when the winter energy from SMUD is sold into the market, representing approximately \$260,000 annually. A cash payment will also reduce both City Light's and SMUD's administrative burdens.

Please check one of the following:

☒ **This legislation does not have any financial implications.**

☐ **This legislation has financial implications.**

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
Yes. Eliminating the conversion of the payment for energy delivery services that City

Light provides into a payment of energy will reduce both City Light's and SMUD's administrative burden and the loss in value to City Light when the energy is later sold in the market because it is not needed to serve load.

b) What is the financial cost of not implementing the legislation?

Approximately \$260,000 per year, based on a five year historical average cost accounting.

c) Does this legislation affect any departments besides the originating department?

No.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

None.

e) Is a public hearing required for this legislation?

No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

g) Does this legislation affect a piece of property?

No.

h) Other Issues:

None.

List attachments to the fiscal note below:

None.